

**BY ORDER OF THE
SECRETARY OF THE AIR FORCE**

AIR FORCE POLICY DIRECTIVE 65-6

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Financial Management

BUDGET



COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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(P&FC)

Certified by: SAF/FMB
(Maj Gen James F. Martin, Jr.)

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This Air Force (AF) Policy Directive (PD) (AFPD) implements *DoD 7000.14-R, Department of Defense Financial Management Regulation, Volume 2, Budget Formulation and Presentation, and Volume 14, Administrative Control of Funds and Anti-deficiency Act Violations, and Volume 15, Security Cooperation Policy*; portions of Title 31, U.S.C., **Chapter 13**, *Appropriations*, and **Chapter 15**, *Appropriation Accounting*; and Title 10 U.S.C., Sections 8016, *Assistant Secretaries of the Air Force* and 8022, *Financial Management*. This directive applies to all Air Force organizations and activities, including the Air National Guard and Air Force Reserve. This directive establishes policies regarding the use of Financial Management Budget programs and ensures public resources are used efficiently, effectively, economically, and legally throughout the Air Force.

Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the Air Force Form 847, *Recommendation for Change of Publication*; route AF Forms 847 from the field through appropriate functional's chain of command. The authorities to waive wing/unit level requirements in this publication are identified with a Tier ("T-0, T-1, T-2, T-3") number following the compliance statement. See AFI 33-360, *Publications and Forms Management*, Table 1.1 for a description of the authorities associated with the Tier numbers. Submit requests for waivers through the chain of command to the appropriate Tier waiver approval authority, or alternately, to the Publication OPR for non-tiered compliance items. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with AFMAN 33-363, *Management of Records* and disposed of in accordance with the Air Force Records Disposition Schedule (RDS) located in the Air Force Records Information Management System (AFRIMS). The use of the name or mark of

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SUMMARY OF CHANGES

This AFPD removed attachment 2, Measures of Compliance. These metrics are maintained internally within SAF/FM Directorates.

1. Overview. This Directive establishes policy for AF Financial Management and Budget procedures.

2. Policy. It is AF policy that:

2.1. The AF will construct and advocate budgets which provide the warfighting Combatant Commanders (COCOMs) the resources required to execute USAF program and mission responsibilities derived from the National Military Strategy and Defense Planning Guidance. Air Force budgets should be credible, defensible to the Congress, executable, and should contribute to cost-effective performance of the Air Force's mission. In achieving this end, the Air Force needs budget policies to safeguard its commitment to lawful, effective, and efficient use of appropriated funds. This directive establishes policies for complying with applicable laws and Department of Defense (DoD) funding guidance in all phases of the budget cycle, and which govern the formal process of prioritizing and applying appropriated funds to support Air Force missions. **(T-3)**

2.2. The AF ensures appropriated funds, including expired funds and Air Force Working Capital Fund (AFWCF) accounts, are used only for authorized purposes, as enacted by Congress and implemented under DoD and Air Force directives and instructions. Also, the Air Force ensures appropriated funds are used only in the amounts and for the time periods authorized by the applicable budget authorization, allocation, and allotment. **(T-3)**

2.3. The AF makes sure that AF Form 401, **Budget Authority (BA)/Allotment (A)** and AF Form 1449, **Operating Budget Authority (OBA)** and the AFWCF's **Annual Operating Budget (AOB)** documents issued to subordinate activities do not exceed the authority received by the issuing activity. BAs, OBAs, and AOBs issued must be consistent with budget and obligation authority received with respect to classifications, authorities, and constraints. **(T-3)**

2.4. The AF takes timely and aggressive action to identify, investigate, report, and process Anti-Deficiency Act (ADA) violations. **(T-3)**

2.5. Subject to limitations and restrictions established by the legislative and executive branches of the Government and the Office of the Secretary of Defense, the AF provides optimum funding flexibility at all levels. **(T-0)**

2.6. In case of conflicts with other AF directives, the funding propriety rules stated herein and in the AF Instruction (AFI) 65-601, *Volume 1, Budget Guidance and Procedures*, take precedence. **(T-3)**

3. Responsibilities.

3.1. Under the authority and direction of the SAF/FM, the Deputy Assistant Secretary, Budget (SAF/FMB):

- 3.1.1. Establishes Air Force budget policies and procedures, including budget formulation, justification and execution. (T-2)
- 3.1.2. Provides guidance concerning organizational and appropriation funding responsibilities and issues related to the use of funds. (T-2)
- 3.1.3. Develops and maintains the budget structure and associated data elements and codes. (T-2)
- 3.1.4. Chairs the Air Force Board for purposes of budget formulation and execution to include the Budget Estimate Submission, Budget Review Cycle, Omnibus Reprogramming Exercise, and President's Budget (PB). Reviews recommendations of the Investment Budget Review Committee (IBRC), the Operating Budget Review Committee (OBRC), and the Personnel Budget Review Committee (PBRC). (T-2)
- 3.2. Under the authority and direction of the SAF/FM, the Deputy Assistant Secretary, Financial Operations (SAF/FMF) establishes policy for and executes the Air Force's program for identifying, investigating, reporting, and processing ADA violations. (T-2)
- 3.3. Air Force commanders and managers use their organizations' appropriated funds legally, effectively, and efficiently. (T-2)
- 3.4. Commanders at all levels establish and maintain financial management structures to determine funding priorities, to approve execution plans, and to ensure that funding resources are allocated and executed legally, effectively, and efficiently. (T-2)
- 3.5. Air Force Installation and Mission Support Center (AFIMSC), Direct Reporting Unit, and Field Operating Agency financial management organizations will have primary responsibility for training, developing, and maintaining a roster of trained ADA investigating officers; ensuring investigating officer independence; providing expert technical assistance, as necessary, to investigating officers; advising the Commander on the financial and legal sufficiency of Reports of Violation; and developing and maintaining an ADA awareness program to include lessons learned. (T-2)
- 4. See AFI 65-601, Volumes 1 through 3, for related instructions. Also see appropriate regulations maintained by the Defense Finance and Accounting Service, for related accounting policy.

Deborah Lee James
Secretary of the Air Force

Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

AFI 33-360, *Publications and Forms Management*, 25 September 2013

AFI 65-601, Volume 1, *Budget Guidance and Procedures*, 16 August 2012

AFI 65-601, Volume 2, *Budget Management for Operations*, 18 May 2012

AFI 65-601, Volume 3, *The Air Force Budget Corporate Process*, 8 August 2011

DoD 7000.14-R, *Department of Defense Financial Management Regulation*, Volume 2, *Budget Formulation and Presentation*, October 2008, Volume 14, *Administrative Control of Funds and Anti-deficiency Act Violations*, May 2015

DoD 7000.14-R, *Department of Defense Financial Management Regulation*, Volume 15, *Security Cooperation Policy*, August 2015

Title 31, U.S.C. **Chapter 13**, *Appropriations*, and **Chapter 15**, *Appropriation Accounting*

Title 10, U.S.C. Sections 8016, *Assistant Secretaries of the Air Force* and 8022, *Financial Management*

Prescribed Forms

AF Form 401, *Budget Authority (BA)/Allotment (A)*

AF Form 847, *Recommendation for Change of Publication*

AF Form 1449, *Operating Budget Authority (OBA)*

Abbreviations and Acronyms

A—Allotment

ADA—Anti-Deficiency Act

AFI—Air Force Instruction

AFIMSC—Air Force Installation and Mission Support Center

AFWCF—Air Force Working Capital Fund

BA—Budget Authority

COCOM—Combatant Commander

DoD—Department of Defense

IBRC—Investment Budget Review Committee

OBA—Operating Budget Authority

OBRC—Operating Budget Review Committee

PB—President's Budget

PBRC—Personnel Budget Review Committee

PPBE—Planning, Programming, Budgeting and Execution

TWCF—Transportation-Working Capital Fund

USAF—United States Air Force

U.S.C—United States Code

Terms

Air Force Working Capital Fund (AFWCF)—The AFWCF conducts business in two primary areas: depot maintenance and supply management. Maintenance depots provide the equipment, skills, and repair services necessary to keep forces operating worldwide. Supply management activities procure and manage inventories of consumable and reparable spare parts required to keep all force structure elements mission ready. The Transportation Working Capital Fund (TWCF) is a part of the AFWCF budget submission. Though the Air Force is charged with cash oversight, United States Transportation Command (USTRANSCOM) has operational responsibility.

Antideficiency Act (ADA)—Legislation enacted by Congress to prevent the incurring of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations or funds; to fix responsibility within an agency for the creation of any obligation or the making of any expenditure in excess of an apportionment or reappportionment or in excess of other subdivisions of funds; and to assist in bringing about the most effective and economical use of appropriations and funds. (See Department of Defense Financial Management Regulation, Volume 14, *Administrative Control of Funds and Antideficiency Act Violations*).

Budget Authorization, Allocation and Allotment—Budget authorizations represent the approved financial program with which the recipient can plan to accomplish the mission in an orderly manner. An allocation is a funding document issued by SAF/FMB to a major command or field operating agency which represents cash for commitment or obligation. An allotment is similar to an allocation except that it is issued by a major command or field operating agency to subordinate units.

Budget Authority (BA), Operating Budget Authority (OBA) Document—BA and OBA documents are the official documents that convey obligation and expense authority for a given fiscal year. Limitations and or restrictions are identified on this document. The OBA document (AF Form 1449 or mechanized equivalent) is used for the Operation and Maintenance appropriations (USAF and AF Reserve). The Budget Authority document (AF Form 401) is used for other appropriations.

Canceled Accounts—An appropriation or fund which is no longer available for obligation adjustments or payments. Appropriations are closed or canceled at the end of the five year expired period. A canceled obligation is one that was not paid (check drawn) at the time the appropriation was canceled.

Expired Funds—Appropriations which are no longer available for new obligations, but have not been canceled. Appropriations are in an expired status for five years. During the expired period, an appropriation retains its original identification and is available for adjusting and liquidating obligations, including within-scope contract changes. (See AFI 65-601, Volume 1, [Chapter 6](#), *Expired And Canceled Appropriations*.)

Retail Supply—Consists of parts of the Supply Management Activity Group of AFWCF. Specifically, this includes the resources and costs of the General Support Division, Fuels Division, Medical-Dental Division, Troop Support Division, and Air Force Academy Cadet Store.

Wholesale Supply—Consists of parts of the Supply Management Activity Group of AFWCF. Specifically, this includes resources and costs of the Material Support Divisions which consolidated the Reparable Support Division, the System Support Division and the Cost of Operations Division.

Obligation—Amounts of orders placed, contracts awarded, services received, and similar transactions during a given period requiring future payment of money.

Planning, Programming, Budgeting and Execution (PPBE)—The DOD resource management system used to establish, maintain, and update the Future Years Defense Program and DOD portion of the President's Budget. It is a process containing four interrelated phases: planning, programming, budgeting, and execution.